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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 000362

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TAGS: [ECON](#) [ENRG](#) [PGOV](#) [PREL](#) [IZ](#)
SUBJECT: DPM CHALABI: 6000 MEGAWATTS BY SUMMER

Classified By: Ambassador Zalmay Khalilzad for reasons 1.4 (b) and (d).

¶1. (C/REL GBR AUS) SUMMARY: Deputy Prime Minister Chalabi told the Ambassador February 4 that, as deputy to Prime Minister Ja'fari in the newly-created Electricity Committee, he intends to see power generation reach 6,000 MW by the summer of 2006. PM Ja'fari is "not engaged" on energy issues, Chalabi said. He also said that there are several "questionable" contracts at the Ministry of Electricity that he is looking into. Chalabi and the Ambassador agreed to work closely in coming months to ensure that higher power generation goals are met. END SUMMARY.

Chalabi - Power Behind the PM's Electricity Throne

¶2. (SBU) In a meeting with the Ambassador, IRMO Deputy Director, Acting Pol/Mil Counselor and Econoff February 4, Deputy Prime Minister Chalabi said that he is the operational head of a new GOI committee overseeing all aspects of electricity generation, transmission and distribution; Prime Minister Ja'fari is the titular head. At the lowest point, of the 850 MW available in Baghdad, 700 MW was devoted to essential services (hospitals, police stations, etc.), according to Chalabi. This left only 150 MW available to provide power for Iraqi homes and businesses. Chalabi added that the committee, under his leadership, will increase Baghdad's supply to 1200 MW, of which 500 MW of power will be available for private citizens. Chalabi said he intends to achieve 6,000 MW of electricity generation by summer 2006.

New "Zoning" In Effect

¶3. (SBU) Chalabi said that the committee had divided Iraq into five zones. Zone 1 encompassed power generation within Baghdad: Quds, Daura, Baghdad South and Taji. Chalabi said that he would get 1200 MW of power from plants at the named locations, despite the fact that Daura turbines 3 and 4 are "limping along" and producing only 70 MW each. The number five turbine had restarted and was producing 100 MW of power; Number 6 would re-start once the final boiler check was completed. (Note. Rebuilding Daura #5 and #6 was USG funded. Efforts have been delayed by failure of the Ministry of Electricity to complete final installations.)

¶4. (SBU) Moving on to Zone 2 (Mussayib), Chalabi said that a letter of credit (L/C) for \$23 million had been opened at the Trade Bank of Iraq, with the money available in the

U.S. via JP Morgan. This should clear the way for U.S. company Southeast Texas to fulfill their contract and complete work on the Mussayib plant. The thermal plant is producing only 340 MW of its 1200 MW capacity. Chalabi said he thought the plant could be brought up to 700 MW "pretty easily." Adding Mussayib to the power being produced in Baghdad, Chalabi calculated that he could produce a total of 1900 MW; Baghdad would then need only bringin 500 MW of power to meet the summer peak demand of 2400 MW.

¶5. (SBU) The power plant in Nasiriyah (Zone 3 is "south of Baghdad"), has a capacity of 840 MW, but is currently producing less than 300 MW. Hartha has two boilers left to install before that facility can come up to speed. Chalabi said that he will meet with managers from the two plants February 8 to review status. He complimented the U.S. on the U.S.-financed, newly commissioned Kohr al-Zubayr (KAZ) gas powered plant. Chalabi said that the Bayji thermals (Zone 4) are "about to shut down," as they are in serious need of reconditioning.

¶6. (SBU) In Chalabi's view, the Haditha hydro plant, in Zone 5, was not a problem. (NOTE: Haditha needs major refurbishment which should be accomplished now, during the current low water period. END NOTE.) The plant at Taza, however, was completely off-line because the amount of condensate in the gas supply had skyrocketed from 20 parts per million to 200. Although the plant was equipped with gauges to monitor the gas quality, the spike went unnoticed and has required that the lines be cleaned out, a process that will take another week. The plant is switching to a new gas source to ensure a steady supply of the dry, sweet gas the plant requires.

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"Funny Business" at MoE

¶7. (C) Chalabi asserted at several points in the conversation that he is aware of and taking steps to deal with questionable dealings at MoE. Chalabi said he has concerns about both the contract for work at the power plant in Hartha and the Italian company working on the Bayji thermal plant. At Bayji, Chalabi said that some \$37 million is at stake. He also asserted that MoE Dr. Muhsin Shalash was persisting in what Chalabi called long-standing efforts to award a contract for a gas-powered generation plant to an unspecified favored company.

Working Together to Sustain the Effort

¶8. (C) Chalabi said that Prime Minister Ja'fari was not engaged on energy issues and requested U.S. assistance to extract from the PM necessary support to sustain recent progress on electricity. While appreciative of U.S. efforts, Chalabi pointed out that only a fraction of the newly installed generating capacity was fully on line and available. Chalabi agreed to work closely with the U.S. ensure that projects are completed and power added to the grid, keeping pace with (as much as possible) Iraq's ever-growing demand.

KHALILZAD